Twenty-Seventh
ANNUAL REPORT
to Shareholders

for Fiscal Year ending
June 28, 1952

STOP & SHOP
INC.

STOP & SHOP, INC.

BOSTON, MASSACHUSETTS

STOP & SHOP, INC.

393 D STREET, BOSTON 10, MASS.

Officers

Joseph Rabinovitz	*President*
Sidney R. Rabb	*Chairman of the Board and Treasurer*
John MacManus	*Vice-President*
Michael F. O'Connell	*Vice-President*
Irving W. Rabb	*Vice-President*
Norman S. Rabb	*Vice-President*
Jacob Rabinovitz	*Vice-President*
Lloyd D. Tarlin	*Assistant Treasurer*
Max E. Bernkopf	*Clerk*
Arthur L. Sherin	*Assistant Clerk*

Directors

William Applebaum
Max E. Bernkopf
A. K. Cohen
John MacManus
Irving W. Rabb
Norman S. Rabb
Sidney R. Rabb
Jacob Rabinovitz
Joseph Rabinovitz
Arthur L. Sherin
Sidney L. Solomon
Lloyd D. Tarlin

Transfer Agents

The First National Bank
of Boston

Registrars of Stock

The National Shawmut Bank
of Boston

Auditors

Myron Heller & Company
Boston

To the Shareholders of Stop & Shop:

The consolidated net income of your company for the fiscal year ending June 28, 1952 was $749,696, or $2.55 on each share of capital stock now outstanding. Last year we earned $780,852, or $2.65 on each share now outstanding.

Sales for this fiscal year were $62,576,777, an increase of $6,122,938 or 10.85%, and represent a new company record. Over half of this gain reflects an increase in tonnage movement.

Forty-nine stores have an annual volume in excess of $500,000 each and the average for this group is about $1,100,000 per store annually.

The year's earnings represent a return on sales of 1.20%, compared with 1.38% last year and 1.75% the year before. This narrowing of our traditionally low profit margin in the face of rising sales represents the cumulative effect of higher wages and operating expenses and rigid OPS markup margins at less than pre-Korean levels. Early in June the OPS increased the allowable ceilings on some dry grocery items but supply and demand factors, as well as competitive conditions, have established many retail prices below their current ceiling. In July processed fruits and vegetables were decontrolled under the provisions of the Harrison amendment. The Department of Agriculture forecasts that a record food production will have a stabilizing influence on food prices this fall and that food supplies in the remaining months of 1952 are expected to be as plentiful as a year ago. Prospects for crop and livestock output as of July 1st add up to a slight increase in overall food production compared with 1951. The combination of these factors has presented a challenge to management to evolve skills in merchandising and to continue to increase efficiency of operation at all levels.

Quarterly dividends totalling $1.00 per share and a 10% stock dividend were paid during the year.

Working Capital at the year end was $5,383,493, an increase of $360,165 during the year. We hold $1,000,000 U. S. Treasury Tax Savings Notes, more than our current tax liability.

Federal Taxes for the fiscal year are estimated at $730,626 compared to $813,845 a year ago, due largely to lower earnings before taxes.

Our real estate companies completed one new large store building with ample parking and two buildings under long-term net lease to Robert Hall Clothes, Inc. A store building, from which we moved to larger quarters, was sold at a profit. Land was acquired for more parking facilities at several existing locations. Construction is underway on a new store building, and we hope permission will be obtained soon to build on other sites that we own. Each

completed parcel has been permanently financed on a plan providing complete payout at varying dates within the next fifteen years. Many of our locations were acquired at a cost substantially below today's replacement value which insures us many years of relatively stable occupancy costs below today's market.

Two large supermarkets, of which one was a relocation, were opened during the year; and two additional large supermarkets, of which one is a relocation, have been opened since the close of the fiscal year. We closed one small service store and one older-style supermarket without a parking area. Our program required only modest expenditures for added equipment in existing stores.

We have air-conditioning now in eight stores including the four latest, and it is being installed in three existing stores. The size and facilities of our new stores require a larger investment for fixtures and equipment per store with increasing emphasis on obtaining maximum operating efficiency.

Good progress has been made in our bakery. The manufacturing facilities are practically completed, with capacity to produce efficiently a large variety of baked goods. Another retail bakery unit was opened last fall in the North Station of the Boston & Maine Railroad. Our customers' recognition of the quality of our bakery products has been reflected in increased production for both new and existing stores.

For many years we have conducted a potato operation in Maine which consists chiefly of buying from growers, storing, packing and shipping to our stores. The potato shortage this past year resulted in a substantial rise in the market value of our holdings and in the income from the operation of this division.

At the last annual meeting, the shareholders elected two additional directors, John MacManus, Vice-President in charge of our Bakery & Manufacturing Division, and Sidney L. Solomon, Executive Vice-President of Abraham & Straus, Brooklyn, New York. Michael F. O'Connell has been appointed Vice-President in charge of our Potato Division.

The company has expanded some of its personnel benefit plans which now cover vacations, sick leave, life insurance, hospitalization and surgical protection and retirement. All salary and wage rates have been adjusted to a new high level. Stop & Shop recognizes and appreciates the important role everyone, working together, has contributed to its growth and success over the years.

Respectfully submitted,

Joseph Rabinovitz,

President.

STOP & S

Consolidated Balance

(Including wholly-owne

Assets

CURRENT ASSETS:			
Cash on hand and in banks		$2,733,044.18	
$500,000.00 U. S. Treasury Savings Notes, Series "A" due May 15, 1954		509,300.00	
Accounts Receivable:			
Due from trade debtors, including re-charges to manufacturers, municipal relief agencies, and sundry claims less reserve	$247,422.08		
Due from employees	3,227.28	250,649.36	
Inventories:			
Physical inventories evaluated at average invoice cost or lower than cost, reflecting market prices, located in the company's warehouses, in storage, in stores, in transit and in vendors' premises		5,060,454.44	
Total Current Assets			$ 8,553,447.98
Officers' life insurance at cash surrender value			132,672.30
INVESTMENTS OF S.S. REALTY CO., INC. (wholly-owned affiliate) AND ITS WHOLLY-OWNED AFFILIATES:			
In real estate owned in fee simple at cost (See Note 1)		$4,907,998.35	
Less — Reserve for depreciation of buildings		332,261.45	4,575,736.90
FIXED ASSETS (at cost):			
Land and buildings, "D" Street Warehouse, South Boston, Massachusetts owned in fee simple		$ 622,557.67	
Other land and buildings		64,943.67	
Stores equipment, fixtures, etc.		2,491,347.48	
Warehouse and office equipment, fixtures, etc.		281,742.84	
Manufacturing machinery and equipment		1,102,081.31	
Automobiles and trucks		54,519.49	
Total		$4,617,192.46	
Less — Reserves for depreciation		1,800,584.48	2,816,607.98
DEFERRED CHARGES TO OPERATIONS:			
Unexpired insurance policy premiums at unearned values		$ 106,375.05	
Unamortized costs of rehabilitation of store locations, etc. (See Note 2)		732,002.51	
Construction, maintenance and store supplies		142,689.06	
Unamortized expense on company long term debt		1,995.21	
Other deferred expenses		3,002.92	986,064.75
			$17,064,529.91

See page seven for notes re

HOP, INC.

Sheet . . . June 28, 1952

d affiliated companies)

Liabilities

CURRENT LIABILITIES:				
Accounts payable — trade creditors on open account			$2,299,900.29	
— employee contributions to various employee funds, etc.....			33,286.82	
Amortization payments on real estate mortgages of S. S. Realty Co., Inc. and its wholly-owned affiliates (maturing within one year)....................			207,489.46	
Accrued Accounts:				
Federal income and excess profits taxes(estimated)	$614,126.74			
Less—$500,000.00 U. S. Treasury Savings Notes, Series "A" due April 15, 1955 held..	501,500.00	$ 112,626.74		
Commonwealth of Massachusetts income, excise and other state and municipal taxes..................		181,791.96		
Social security and unemployment insurance — federal and state contributions.......................		67,858.99		
Other accrued items including pay roll, rent, interest and employee profit sharing and bonuses.......		267,000.28	629,277.97	
Total Current Liabilities............................				$ 3,169,954.54
3⅛% PROMISSORY NOTE due January 1, 1966 (See Note 3)......				1,500,000.00
3¾% PROMISSORY NOTE due January 1, 1966 (See Note 3)......				1,000,000.00
Purchase money obligations of S. S. Realty Co., Inc. and its wholly-owned affiliates under mortgages on real estate to be amortized by monthly and quarterly payments (See Note 4)..................				3,482,222.65
CAPITAL:				
Authorized 300,000 shares of $1.00 par value capital stock of which 295,640 shares are issued and outstanding (See Note 5)...................		$ 295,640.00		
Less — Par value of 1,500 shares acquired for the treasury.....		1,500.00	$ 294,140.00	
Capital Surplus (See Note 5)........		$2,412,360.00		
Less — Premium on treasury stock reacquired...............		8,384.80	2,403,975.20	
Surplus reserve for future inventory devaluation and relocation of plant facilities...................			200,000.00	
Surplus.................................			5,014,237.52	7,912,352.72
				$17,064,529.91

ferred to in above statement

STOP & SHOP, INC.

Consolidated Profit and Loss Statement

(Including wholly-owned affiliated companies)

	Fiscal Year Ended June 28, 1952	*Fiscal Year Ended June 30, 1951*	*Increase*
SALES (at retail)	$62,576,777.68	$56,453,839.49	$6,122,938.19
Less — Cost of sales and operations	61,032,780.75	54,872,026.15	6,160,754.60
	$ 1,543,996.93	$ 1,581,813.34	$ 37,816.41*
ADD OTHER INCOME:			
Cash discounts on purchases, interest income, etc.	458,846.90	341,126.32	117,720.58
Profit on sale of capital assets	31,459.97	55,089.89	23,629.92*
Profit before deducting depreciation, interest and federal income taxes	$ 2,034,303.80	$ 1,978,029.55	$ 56,274.25
DEDUCT:			
Depreciation of buildings, equipment, trucks and automobiles (See Note 6)	$ 467,825.02	$ 327,660.90	$ 140,164.12
Interest	86,156.04	55,700.90	30,455.14
Total	$ 553,981.06	$ 383,361.80	$ 170,619.26
Net profit before federal income and profits taxes	$ 1,480,322.74	$ 1,594,667.75	$ 114,345.01*
Less — Federal income and profits taxes (estimated)	730,626.33	813,815.35	83,189.02*
NET PROFIT TO SURPLUS	$ 749,696.41	$ 780,852.40	$ 31,155.99*

**Decrease*

Consolidated Surplus Statement

Fiscal Year ended June 28, 1952

BALANCE, June 30, 1951		$5,210,641.61
Add—Net profit for the fiscal year ended June 28, 1952		749,696.41
		$5,960,338.02
Deduct:		
Cash dividends paid — $.25 a share on 263,400 shares outstanding	$ 65,850.00	
Cash dividends paid — $.25 a share on 268,900 shares outstanding	67,225.00	
Cash dividends paid — $.50 a share on 295,640 shares outstanding	147,820.00	
Total	$ 280,895.00	
Less — Dividends on capital shares held in treasury	3,294.50	277,600.50
		$5,682,737.52
Deduct — 10% capital stock dividend		668,500.00
BALANCE, June 28, 1952		$5,014,237.52

STOP & SHOP, INC.

Notes Relating to Financial Statements

June 28, 1952

NOTE 1. Cost of land and buildings of various locations acquired by parent's wholly owned subsidiaries and leased to it for sundry terms running to 20 years.

NOTE 2. The amortization of store rehabilitation costs is spread over the life of each lease.

NOTE 3. The note for $1,500,000.00 bearing interest at the rate of 3⅛% per annum is dated January 1, 1951 and the note for $1,000,000.00 bearing interest at the rate of 3¾% per annum is dated May 8, 1951. Payments on account of principal of these notes are required at the rate of $136,000.00 and $90,000.00 respectively beginning with January 1, 1956 and on January 1st of every year thereafter.

NOTE 4. Term loans with sundry maturities to 15 years and not assumed by either the parent or its affiliated companies, are, nevertheless, secured by mortgages and assignment of leases running from the parent to its affiliated companies.

NOTE 5. The Capital Surplus was increased during the year by $641,760.00 and capital stock by $26,740.00 resulting from a 10% capital stock dividend paid on February 1, 1952.

The Capital Surplus was further increased by $99,000.00 and Capital Stock by $5,500.00 as a result of the exercise of an option by an officer to purchase 5,500 shares of capital stock.

From the capital stock in the treasury there were issued during the year, 3,000 shares to charitable organizations which qualify for the purpose of a federal tax benefit.

NOTE 6. A substantial portion of the increase of $140,164.12 in depreciation charges over the previous year results from the acquisition at the beginning of the year of the bakery manufacturing plant previously owned by a 50% owned affiliate.

Accountants' Certificate

We have made an examination of the books and accounts of Stop & Shop, Inc. including its wholly-owned affiliate, S. S. Realty Co., Inc., and the wholly-owned affiliates of the latter for the fiscal year ended June 28, 1952. In accordance with generally accepted auditing standards applicable in the circumstances, omitting no procedure inherent therein, this examination consisted of a detailed audit of such transactions that we believed to be important, that were effected during the fiscal year above stated, but did not include a detailed audit of all transactions. We have verified by outside confirmation such of the balance sheet items we deemed appropriate and necessary; and we are of the opinion, by reason of our familiarity with the controls and accounting records of the companies, and having applied necessary auditing procedures, that those items not verified in this way are correctly stated.

In our opinion, based upon such examination, the attached financial statements and their relative notes attached hereto fairly present, in accordance with generally accepted principles of accounting applied on a basis consistent with previous years, the financial position of the companies at June 28, 1952 and earnings for the fiscal year ended with that date.

MYRON HELLER & COMPANY
Certified Public Accountants

By: Myron Heller, C.P.A.

Boston, Massachusetts
August 18, 1952